

## **Memorandum**

### **Governmental Relations Department City of San Diego**

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Director

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To: Honorable Mayor & Members of the Committee on Rules,  
Finance & Intergovernmental Relations  
From: Andrew Poat

Date: November 26, 2003  
Re: 2004 Legislative Priorities – Phase II

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This report is the second of five by which the City will establish its 2004 legislative program. It proposes authorization for:

1. State legislative and regulatory initiatives
2. Federal legislative & regulatory initiatives

### **Background**

Each year, the City of San Diego establishes a five-part program relating to State & Federal government:

- Legislative proposals for State & Federal government
- Regulatory proposals for State & Federal government
- Budget & appropriations proposals for State & Federal government
- Legislative guidelines by which City positions on legislative and regulatory proposals are governed
- State & Federal consultant contracts

This year, we have made a priority of developing more detailed legislative priorities, addressing funding issues, and rewriting the legislative guidelines to better reflect the views and priorities of the Council. In order to accomplish these tasks, and to afford the Council a better opportunity to understand the specific elements of each proposal, we are dividing the adoption of this program into 5 parts:

State & Federal Legislative & Regulatory Priorities: Phase I

State & Federal Legislative & Regulatory Priorities: Phase II  
Consultant Recommendations for 2004

Budget & Appropriation Priorities

Legislative Guidelines

Adopted by Rules  
Committee (11/5/03)

December 3, 2003

January 2004

January 2004

February 2004

## **Executive Summary of Phase II Proposals**

More detailed information on these 16 proposals appears behind the corresponding tab.

### **Proposal 1: Cedar Fire Recovery and Funding**

**Source:** Citywide

**Background:** The City's Financial Management Department is preparing to submit an application to the State Office of Emergency Services (OES) and the Federal Emergency Management Agency (FEMA) on December 8, 2003 for expenses incurred by the City for responding to the Cedar Fire and for damages from the fire. Funding for approved expenses is expected within 90 days from the submittal of the application. For expenses incurred by the City that are not deemed eligible under FEMA's or OES's emergency designation, separate action seeking appropriation from existing grants, the State Legislature or Congress is necessary.

**Recommendation:** Direct Governmental Relations Department to prepare a package of supplemental assistance requests, in cooperation with the City's Office of Homeland Security and Financial Management, for those expenses deemed ineligible by FEMA for reimbursement under standard procedures – and to report that package to the Rules Committee.

### **Proposal 2: Fiscal Reform**

**Source:** Governmental Relations/Financial Management

**Background:** City staff has inaugurated a review of the State-Local financial relationship in an effort to identify means to improve local government's financial stability. The report examines issues of local control of revenues, equity of distribution formulas, and currently debated issues in Tax Policy.

**Recommendations:**

- 1) Support the League of California Cities Local Revenue Protection Initiative
- 2) Establish protection of VLF revenues as the highest fiscal priority for the City.
- 3) Establish protection of Booking Fee revenues as second highest fiscal priority.
- 4) Direct Governmental Relations Department and Financial Management to prepare recommendations on a variety of state and federal tax issues for presentation to Rules Committee by March, 2004

### **Proposal 3: Homeland Security Funding**

**Source:** Office of Homeland Security/Governmental Relations Department

**Background:** The City receives federal grant funding for homeland security purposes from two grant programs: State Homeland Security Grant Program (SHSGP) and the Urban Area Security Initiative (UASI). City staff has identified areas for improvement in the distribution methodology utilized for each of these programs in order to make more funding available for larger cities and states, the locations most likely at risk of credible threats. In 2003, S. 1245 was introduced in an attempt streamline and improve the grant distribution process, however, the bill was not adopted. Also pending is H.R. 3266, a bill requiring the Department of Homeland Security (DHS) to develop a comprehensive

assessment of the threats facing the nation, and would require states and regions to apply to DHS for funding based on the extent of state, regional and local preparedness needs.

**Recommendation:** Authorize SUPPORT position on HR 3266 and S 1245.

**Proposal 4: Vehicles: School Zone Fines**

**Source:** Council member Jim Madaffer

**Background:** The City's Back-To-School traffic safety campaign is designed to assist students stay safe as the new school year began. To further that assistance, Council member Madaffer is suggesting the City seek inclusion in a new State Pilot Program which permits cities within the counties of Alameda, Santa Barbara and Ventura to double the fines for speeding and other violations in school zones. The funds from these fines can only be used to pay for the cost of school pedestrian-bicyclist safety programs.

**Recommendation:** Authorize legislation

**Proposal 5: Renewal Communities**

**Source:** Community and Economic Development

**Background:** The City of San Diego has received federal Renewal Community (RC) designation. This program provides federal income tax incentives for investment in older neighborhoods with small business properties, making the business community a key partner in inner city revitalization. The designation is expected to have a powerful impact in stimulating new investment and job creation in areas that have historically experienced disinvestment and blight. However, census tracts in City Heights were excluded because they are separated from the rest of the RC by a small gap, violating the RC law's requirement of a "continuous boundary." Efforts to resolve this exclusion through the Housing and Urban Development Agency or by Congressional action have been unsuccessful, despite support by members of the City's Senate and Congressional Delegation.

**Recommendation:** Authorize Governmental Relations to continue pursuing legislation.

**Proposal 6: Biosolids Disposal**

**Source:** Metropolitan Waste Water Department

**Background:** Biosolids are safe, nutrient-rich natural byproducts of wastewater treatment. The City of San Diego disposes of biosolids in three ways: 1) landfill; 2) beneficial use as land application; and 3) beneficial use as alternate daily cover at the Otay landfill. Conflicting local and state regulations have limited the ability to dispose of biosolids through beneficial use. Disposal in landfills is becoming the most cost effective alternative. However, AB 939 regulations require a 50% reduction in solid waste landfill volume.

**Recommendation:** Authorize legislation.

**Proposal 7: Density Bonuses**

**Source:** Planning Department

**Background:** The Housing Commission enters into agreements with developers that allow higher density than is permitted by applicable zoning and plan designation and/or other deviations from usual zoning and planning rules in exchange for agreement that a certain number of units will be affordable to residents at a certain income level for a set

time period. Recently adopted state law is poorly written and confusing—it is unclear what limitations the City can legally place on overly aggressive requests for density increases or “second incentives” (usually deviations from zoning standards such as parking, height, setback or FAR.)

**Recommendation:** Authorize legislation to clarify the authority of the City in granting density bonuses and second incentives for applicable categories of affordable housing.

#### **Proposal 8: Desalination**

**Source:** Water Department

**Background:** To satisfy the water needs of its customers, the City imports water from the Colorado River and Northern California. The Council adopted Long-Range Water Resources Plan identifies desalination of brackish groundwater as source of water supply. However, environmentally sound disposal of brine from the desalination process is needed and costly and state and federal programs are insufficient. Legislation to create and fund appropriate programs is suggested.

**Recommendation:** Authorize legislation.

#### **Proposal 9: Groundwater Planning and Development**

**Source:** Water Department

**Background:** The City’s adopted Long-Range Water Resources Plan identifies development of groundwater resources as one source of future water supply. Such resources in are limited in San Diego and require considerable effort to efficiently and responsibly analysis development potential. Funding for geological studies of the San Diego geologic formation as well as funding for new techniques and methodologies for recharging groundwater basins for storage and recovery are needed.

**Recommendation:** Authorize support of federal funding and legislation.

#### **Proposal 10: Water Transfers**

**Source:** Water Department

**Background:** The City presently imports approximately 90% of its water supply from northern California and the Colorado River. Local reservoirs owned and operated by the City supply about 10 to 15 percent of need. The City’s Long-Range Water Resources Plan establishes a goal of 5,000 acre-feet of water transfers annually by 2010. However, many institutional barriers continue to prohibit easy transfers from Northern to Southern California. State legislation is needed to assure that entities such as the City of San Diego have the opportunity to arrange for water transfers that are able to move efficiently through the transportation system with adequate storage systems and are supported by state-sponsored technical assistance for buyers and sellers.

**Recommendation:** Due to expected opposition and complexities in developing water transfer legislation, it is recommended that the City utilize the 2004 calendar year to develop partnerships and public information to support introducing legislation in the following legislative session.

**Proposal 11: Recycled Water**

**Source:** Water Department

**Background:** The City's Long-Range Water Resources Plan calls upon the use of recycled water to meet the water demands of the region. Funding for recycled water facilities is limited and federal assistance is required to meet the reuse goals and making full use of this water supply.

**Recommendation:** Authorize support of legislation establishing federal funding opportunities

**Proposal 12: Water Security**

**Source:** Water Department

**Background:** A 2002 confidential threat assessment resulted in a security plan requiring \$16 million in capital expenditures over three years, and \$1 million in annual operating expenses:

**Detection:** Monitor substance introductions and video-monitor facilities

**Delay:** Install physical barriers to prevent unauthorized access

**Response:** Establish liaisons with enforcement authorities and develop department emergency response plans

**Documentation:** Document the events as they occur and analyze for improvements to prevent reoccurrence

**Recommendation:** Pursue state Proposition 50 funds (\$50 million are earmarked for utility system security, for award by the Water Quality Control Board) and federal Homeland Security Act funding.

**Proposal 13: Watershed Protection**

**Source:** Water Department

**Background:** The City has 9 reservoirs which have a storage capacity of 415,000 acre-feet of water. The reservoirs are located in five (5) watersheds throughout the County encompassing an area of roughly 900 square miles, only about five (5%) percent of which are owned by the City. Ownership of lands adjacent to watersheds has proven to be a cost effective means of protecting water quality.

**Recommendation:** Seek funding from appropriate sources to fund acquisition of watersheds.

**Proposal 14: Water Conservation**

**Source:** Water Department

**Background:** The City's water conservation program was established in 1985, and now accounts for 21,000 acre-feet of potable water savings per year. The program is on target to meet a goal of 26,000 acre-feet of savings annually by 2006. The program has several elements which include incentives for installation of water efficient hardware and public education regarding landscape and business efficiency strategies. Additional state and local regulations for water efficient appliances and landscaping would help the City achieve its goal.

**Recommendation:** Support state and local efforts to prohibit restrictions on water efficient landscapes by Home Owners' Associations and to require more aggressive water efficiency standards for clothes washers, plumbing fixtures, etc.

**Proposal 15: Proposition 50**

**Source:** Water Department

**Background:** Current personnel reductions at state agencies may impede the ability for various departments to receive appropriated funds in a timely manner. Additionally, the financial impairments experienced by the State of California may limit bond sales necessary for the \$1.1 billion funding allocation. Finally, the lack of Prop 50 funds may jeopardize eligible projects already in process and the ability to receive reimbursement for costs previously incurred for those projects.

**Recommendations:**

- Seek and/or amend existing legislation or administrative process that would allow for the reimbursement of previously incurred project costs
- Assist the California Municipal Utilities Association with lending personnel resources to expedite the administration and processing of grant awards.

**Proposal 16: Water Fluoridation**

**Source:** Water Department

**Background:** The City of San Diego's Municipal Code 67.00 prohibits the expenditures of City funds on fluoridation of water. However, Title 22 of the California Code of Regulations requires that water agencies provide a fluoridation system *if* the Department of Health Services (DHS) identifies a source of sufficient funds to cover capital and associated costs to install such a system. In 2000, the DHS did identify the California Dental Association (CDA) as the funding source able to provide approximately \$4 million for the City's program. The Water Department planned to incorporate the fluoridation system into its existing Capital Improvement Program (CIP). Unfortunately, the CDA recently rescinded that offer thereby removing the City's obligation of a fluoridation program.

**Recommendation:** Authorize agreement with the State Department of Health Services clarifying that the fluoridation requirement is lifted until another donor has been identified.

**Proposal 17: Perchlorate Regulations**

**Source:** Water Department

**Background:** The Department of Health Services has issued regulations establishing a maximum level for the presence of the chemical perchlorate in drinking water. Those regulations have been challenged for having inadequate scientific foundation. The health impacts of the chemical are now under study by both the University of California and the National Academy of Sciences.

**Recommendation:** Support the implementation of scientifically based, achievable standards for the chemical, and will provide input on the development of a regulation.

**Proposal 18: Base Realignment and Closure**

**Source:** Government Relations Department and Economic & Community Development Department.

**Background:** Earlier in 2003, the City Council authorized an initiative from the Government Relations and Economic Development Departments, to defend military bases in the region from closure as part of the 2005 Base Realignment and Closure Process. The report highlights critical junctures and dates that will occur in calendar year 2004 related to the closure process.

**Recommendation:** Authorize continued contract relationship with consultant.

**Proposal 19: Residential Care Facilities**

**Source:** Development Services Department/Council member Charles Lewis

**Background:** Councilman Lewis has expressed concern that there is no local jurisdiction over locating or operating Residential Care Facilities (6 persons or less). Currently, the federal Fair Housing Act provides anti-discrimination provisions designed to protect care facilities for individuals with handicaps.

In 1995 and 1996, the City authored federal legislation sponsored by Congressman Bilbray to amend the Fair Housing Act to state that nothing in the Act shall be construed to invalidate or limit any reasonable State or local law or regulation governing residential care facilities for disabled persons. However, during the legislative debate, multiple legal decisions were presented proving that attempts to restrict residential care facilities are considered “discrimination” and are unenforceable. In light of this information, bills pending before Congress were not adopted and new legislation has not been introduced since.

*Governmental Relations Department  
City of San Diego*



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## 2004 Legislative Priorities

Cedar Fire Recovery and Funding  
Lead Department: Office of Homeland Security  
Financial Management  
Governmental Relations

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### **Background:**

In the early evening of October 25, 2003 what has come to be known as the Cedar Fire began in the backcountry of San Diego County. Fueled by thick dry brush and powerful Santa Ana winds, the fire spread quickly in a southwesterly direction consuming lives, structures and open space at alarming rates. In addition to communities in the unincorporated portion of the county, the fire spread to communities within the City of San Diego continuing the destruction of property and structures. The loss of structures and open space within city limits occurred in Scripps Ranch and Tierrasanta.

Because of the scope and destructive effects of the Cedar Fire, both President Bush and Governor Davis declared San Diego County in a State of Emergency. This formal designation is the first step in making federal and state emergency funding available to residents, businesses and governmental entities for qualified claims.

The City, through the Office of Homeland Security (OHS) and Financial Management (FM), is coordinating the compilation of department expenses incurred as a DIRECT result of the Cedar Fire. This includes, but is not necessarily limited to physical damage to City property, labor expenses, equipment expenses, contract expenses, etc.

Expenses incurred by the City will be submitted to the state Office of Emergency Services (OES) and passed through to the Federal Emergency Management Agency (FEMA) for funding consideration on December 8, 2003. Within approximately 90 days, the OES should provide some level of reimbursement funding directly to the City for those expenses deemed eligible.

### **Proposal**

In addition to expenses incurred by the City as a DIRECT expense, funding needs exist for other actions taken by the City that may not be eligible for emergency funding from FEMA or OES. For example, on November 17, 2003 the City Council approved City Manager Report 03-231 that provided waiver of City Fees Associated with City of San Diego 2003 Firestorm Damage. Those fees may or may not be recovered through the state and federal

emergency funding. If not recoverable, the City could seek a special appropriation from existing grants, the State Legislature or Congress.

In order to identify all the Cedar Fire related funding needs for activities or projects not eligible for funding under FEMA guidelines, the Governmental Relations Department proposes to coordinate efforts with OHS and FM. Upon final compilation of the funding needs, a report to the City Council Committee on Rules, Finance and Intergovernmental Relations will be presented for adoption.

### **Recommendation**

Authorize the Governmental Relations Department to:

1. Coordinate efforts with OHS and FM to identify non-eligible City expenses incurred as a result of the Cedar Fire.
2. Present a Report of those needs to the Rules Committee for adoption in the City's 2004 Federal and State Appropriations Program.

### **Timelines**

<b>City Action</b>	<b>Entity</b>	<b>Date</b>
State and Federal Disaster Funding Application	State OES Federal Emergency Management Agency	12/8/2003
Develop City Appropriations Requests	Governmental Relations Financial Management Office of Homeland Security	12/31/2003
Adopt 2004 Appropriations Request Program	Committee on Rules, Finance and Intergovernmental Relations	01/2004
Receive State and Federal Disaster Funding	Financial Management	03/07/2004 (Approx.)

City of San Diego  
Governmental Relations Department



## **Fiscal Reform**

### **Background**

The City of San Diego's \$743 million General Fund benefits from a variety of revenues that involve state appropriation or authorization:

Source	Amount (FY04)	% of GF	State Discretion
Property Tax	\$199.7 million	26.9%	Allocation Formula
Sales Tax	\$191.5 million	25.8%	Allocation Formula
Motor Vehicle Fees	\$ 74.9 million	10.1%	VLF fee setting/Backfill
Total	\$466.1 million	62.7%	

Significant additional funding results from:

- Redevelopment Tax Increment
- Public Library Foundation
- Public Safety grant programs
- Transportation taxes
- Proposition 172 local sales tax

The Government Relations Department, in partnership with Financial Management, has inaugurated a review of the State-local financial relationship, including:

(1) **Local Control:** Revenues due to local government have been confiscated or delayed on several occasions by legislative direction. The majority of these funds have never been returned to local government - even when state revenues increased.

- Educational Revenue Augmentation Fund (ERAF): The FY 1992 State budget confiscated property taxes previously dedicated to local government and redirected them to the State General fund for purposes of funding education. On an annualized basis, this transfer costs the City of San Diego roughly \$30 million a year.
- FY 04 budget "loaned" \$12.6 million from the City of San Diego to the state until FY 06
- FY 04 budget "loaned" over \$100 million in transportation funds to the San Diego region to the state until FY 09.

- Disagreements between the Legislature and two separate Governors over the Vehicle License Fee have resulted in delay of between \$12.6 and \$17million in revenues by up to 2 years, and, left cities with uncertain cash flow expectations for months at a time.

(2) **Distribution Formulas:** State and regional funding streams are often distributed by formulas. These formulas require review to ensure that they provide fair and equitable treatment to the City of San Diego.

(3) **Tax Policy:** State, regional and local tax policy require review for purposes of identifying critical policy decisions or assumptions. Examples include taxation of internet retail sales and sales of services; and the impact of tax policy on “smart growth”.

### **State Government Issues**

#### **Local Control:**

- **League of California Cities Initiative:** This voter initiative would require the State Legislature to gain a vote of the people before transferring funds normally received by local government to state purposes. The initiative has been certified by the Attorney General for circulation, and, signatures are now being collected to place the initiative on the November, 2004 ballot. Mayor Murphy and Council Member Madaffer have already endorsed the initiative.

**Recommendation:** Establish SUPPORT position for League Initiative by City of San Diego

- **Vehicle License Fee:** Due to the roughly \$8 billion structural imbalance of the State budget, full funding of the Vehicle License Fee Backfill account is anticipated to be an important component of the FY 05 budget debate.

**Recommendation:** Establish protection of VLF revenues as highest fiscal priority for Government Relations department and its state consultants

- **Booking Fees:** Due to the roughly \$8 billion structural imbalance of the State budget, full funding of the Booking Fee Account is anticipated to be an important component of the FY 05 budget debate.

**Recommendation:** Establish protection of Booking Fee revenues as second highest fiscal priority for Government Relations department and its state consultants.

### **Distribution Formulas**

- **Property Tax Allocation Equity:** Prior to 1978, each local jurisdiction (which could include a city, county, local school district, and any special districts that provided services to a property) levied a property tax that was independent of the rate set by any

other jurisdiction. The property tax rate paid by a property-owner was the sum of the individual rates set by each taxing entity.

In 1978, California voters passed Proposition 13, limiting the aggregate property tax rate to 1% of assessed valuation. That same year, Senate Bill 154 established a method of property tax allocation for the revenues generated by the 1% among jurisdictions sharing a property tax base as the percentage share it received of the total property taxes prior to Proposition 13. Thus, jurisdictions that received a relatively smaller share of total property tax revenues within a county before Proposition 13 now receive the same percentage share.

**Recommendation:** Direct Government Relations Department and Financial Management to report recommendations regarding equity issues relating to this distribution formula to Rules Committee not later than February, 2004

- **Proposition 172:** Following confiscation of local government revenues in the 1991 state budget, the Governor and Legislature authorized local governments to add up to ½ cent of sales tax to benefit public safety, with approval by local voters. The most recent figures available for allocation of these revenues:

<b>Total County Revenues:</b>	<b>\$18.8 million</b>	
<b>Shares:</b>		
County of San Diego	\$17,725 million	94%
City of San Diego	\$598,000	3%
Other Cities	\$463,000	2.5%

**Recommendation:** Direct Government Relations Department and Financial Management to review allocation formula and report recommendations to Rules Committee not later than February, 2004

### **Tax Policy**

Tax Revenue “Swap” Proposals: A variety of organizations have announced, or are preparing, proposals to address issues of tax policy, including: making internet retailers subject to the sales tax, swapping property taxes for sales taxes to encourage smart growth, per-capita distribution of sales tax to encourage smart growth and revenue stability. These reviews include:

- Governor’s Fiscal Reform Commission (Leon Panetta): Variety of issues
- Commission on Taxation in the 21<sup>st</sup> Century: Variety of issues
- Campbell-Steinberg Legislation: Sales Tax distributed per capita
- Hertzberg Proposal: Cities trade sales and VLF taxes for property taxes
- State Legislative Committees: To be determined
- San Diego Association of Governments (SANDAG): Cities trade VLF, sales and homeowners exemption for property

***Recommendation:***

- Establish a presumptive position of Oppose to proposals that alter the sales tax distribution basis from *situs* to per capita – a shift that reduces City revenues by \$15 million annually
- Support state legislation requiring California to participate in the development of national uniform Internet Taxation standards
- Establish SUPPORT position for proposals that exchange property tax revenues for local government in return for sales tax revenues, if accompanied by:
  - Adequate growth
  - Appropriate cash flow schedule
- Direct the Government Relations Department, in partnership with Financial Management, to report recommendations to the Rules Committee by March on the following issues:
  - Governor's Fiscal Reform Commission (Leon Panetta)
  - Commission on Taxation in the 21<sup>st</sup> Century:
  - Campbell-Steinberg Legislation
  - Hertzberg Proposal
  - 2003 State Legislative fiscal reform initiatives
  - San Diego Association of Governments (SANDAG) proposal

**Federal Government Issues**

**Tax Policy**

***Recommendation:*** Direct Government Relations Department, in partnership with Financial Management, to include issues relating to internet retail sales taxes in its March, 2004 report to Rules Committee regarding state tax policy issues.

## **Appendix A: Criteria for State/local fiscal relationship & revenue source selection**

### **Volatility**

- Economic Stability:
- Most Stable: Property tax?
- Mixed: Sales Tax?
- Unstable: Income taxes?
- Cities have virtually no ability to address revenue fluctuations – because voter approval is required for nearly all revenue sources.

### **Equity**

- Proposition 172 distribution formula
- AB 8

### **Public Policy**

- Fiscalization of land use: Cities currently receive 11 times more revenue from retail development than housing
- Local Control

## **Appendix B: Revenue Sources**

The City of San Diego's \$729.3 million General Fund benefits from 3 sources that involve State government:

<b>Source</b>	<b>Amount (FY04)</b>	<b>% of GF</b>	<b>State Discretion</b>
Property Tax	\$199.7 million	26.9%	Allocation Formula
Sales Tax	\$191.5 million	25.8%	Allocation Formula
Motor Vehicle Fees	\$ 74.9 million	10.1%	VLF fee setting/Backfill
Total	\$466.1 million	62.7%	

**State Sales Tax:** The sales tax for the County of San Diego:

<u>Amount</u>	<u>Purpose</u>
4.75%	State General Fund
.50%	State Local Revenue Fund
.50%	State Collection for Local Public Safety Fund
1.25%	Local Sales Tax
	1% City and County Operations
	.25% County Transportation Funds
.50%	TransNet (Expires 2007)
7.5%	Total

Funding for city and county operations are distributed *in situs*, meaning that the city in which the tax is imposed benefits from the revenue.

**Property Tax:** Property taxes are collected at the rate of X, and distributed as follows:

State Educational Revenue & Augmentation Fund (ERAF)	63%
County	14%
City	13%*

The rate at which the City (& County?) distribution rate are established was adopted in 1975. Other cities receive up to X% of these funds. Each 1% equals approximately \$X on an annual basis.

### **Other forms of State Funding:**

- Booking Fees \$5.2 million
- Homeowners Exemption \$?

**Redevelopment:** When redevelopment agencies are established, property tax increment for 20 years is dedicated to the redevelopment agency. The State agrees to forego that revenue in return for the requirement that 20% of the revenues are dedicated to low/moderate income housing.





## **Homeland Security**

Lead Department: Office of Homeland Security  
Governmental Relations

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### **Background:**

In both the 2003 and 2004 federal fiscal years, Congress appropriated homeland security funding to local first responders through two grant programs:

- The State Homeland Security Grant Program; and
- The Urban Area Security Initiative.

The City of San Diego asserts several claims to funding from this program:

- Among the Nation's 10 largest cities
- Proximity to the world's busiest International Port of Entry
- An international port that serves one of America's largest military installations
- Regional water and wastewater facilities that service a significant civilian population, and, the largest military installation in the United States
- Major tourist attractions such as Sea World and the San Diego Zoo, as well as other symbolic sites such as the Coronado Bridge.

The charts below track funding to California and our region, and the method by which investment decisions are made. DHS has announced a combined total of \$21.8 million to the San Diego urban area from phase II and phase III of the Urban Area Security Initiative and \$9 million in SHSG, with another allocation pending from the State.

### **State Homeland Security Grant Program (SHSG)**

The federal Office of Domestic Preparedness disburses funds to the state based on a per capita distribution formula. The State can retain up to 20% of these funds, and is required to pass all additional funds to 58 *operational areas*<sup>1</sup> (OA) within California, which determine local distribution consistent with Federal & state guidelines. The Unified Disaster Council (UDC) serves that purpose for our region. Summary of allocations to date:

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<sup>1</sup> *Operational Areas* include the incorporated cities within a county, and the county, which represents the unincorporated areas.

	<b>California</b>	<b>San Diego Operational Area</b>	<b>City of San Diego</b>
FY03 Part I	\$45,023,000	\$2,822,925	\$680,490
FY03 Part II	\$103,355,000	\$6,689,008	TBD <sup>a</sup>
FY04	\$133,964,000	TBD <sup>b</sup>	TBD <sup>b</sup>

- Notes:
- Part II funding is being held pending the development of the regional strategy plan under the Urban Area Security Initiative (UASI), with the intent of applying SHSP and UASI funding against the requirements of the plan.
  - California Office of Emergency Services will be issuing guidance that will indicate the allocation for the San Diego Operational Area (OA) and any restrictions on spending. There is no estimate at this time for when allocation amounts will be available. Once this is determined, the OA is responsible for applying for the grant, and the UDC determines the allocation for the participating jurisdictions, including the City of San Diego.

### **Urban Area Security Initiative (UASI)**

The Federal Office of Homeland Security distributes funds directly to urban areas based on a formula that takes into account factors such as critical infrastructure, population density and credible threat information. Although not included in the initial round of funding, San Diego has benefited from round 2 & 3 – in which funding flows to the state then to the core city to be spent in accordance with a strategy plan covering the urban area. For San Diego, the urban area includes the county and the 18 incorporated cities.

Expenditures to date:

	<b>Number of Urban Areas</b>	<b>California Urban Areas</b>	<b>Amount Designated</b>
FY03 Part I (Round 1)	7	Los Angeles San Francisco	\$12,420,000 \$10,740,000
FY03 Part II (Round 2)	30	<u>Part I Cities</u> Los Angeles San Francisco <u>Part II Cities</u> Long Beach Sacramento <b>San Diego</b>	\$18,874,838 \$18,587,312 \$6,467,863 \$6,912,795 <b>\$11,359,682</b>
FY04 (Round 3)	50	<u>Part I Cities</u> Los Angeles San Francisco <u>Part II Cities</u> Long Beach Sacramento <b>San Diego</b> <u>FY04 Cities</u> Anaheim Fresno Oakland	\$28,268,504 \$24,481,275 \$12,136,091 8,024,926 <b>\$10,479,947</b> \$10,345,691 \$7,076,396 \$7,854,691

	Number of Urban Areas	California Urban Areas	Amount Designated
		San Jose	\$9,982,442
		Santa Ana	\$15,058,528

## Analysis

The principal issues the City faces are:

- **Congressional Appropriation of funds:** During the next calendar year, Congress will be debating and approving the FY 2005 Federal Budget. Support full funding of the SHSGP and the UASI program.
- **Distribution Formulas:** Current distribution of SHSGP funds includes a base + population methodology that doesn't adequately address the funding needs of large municipalities or the most heavily populated states. Legislation was introduced to amend the "base" for each state, thus increasing the amount available for per capita distribution. More equitable funding formulas for the SHSGP will have the net effect of providing more federal funds to the City and will assist in acquiring equipment, training personnel, conducting exercises and developing regional response plans. Increasing the percentage of funding for the UASI program provides a stronger opportunity for the City to realize higher grant levels due to the City's designation as an UASI grant recipient
- **Local Matching Requirements:** Current allocation of first responder funding does NOT require local matching funds by recipient jurisdictions. Previously introduced legislation would have required matching funds by local agencies, however that bill was not passed.
- **Expenditures of State funds:** If State retains a portion of the grants, support expenditure of those funds within the San Diego region and in accordance with the adopted regional plan.

## State Issues

- Seek coordination between expenditures of State and Local funding

## Federal Issues

- Support funding for the State Homeland Security Grant Program in the federal FY '05 budget
- Support funding for the Urban Area Security Initiative in the federal FY '05 budget
- Support S. 1245 (Collins)
  - Increase UASI funding from 10% of total federal appropriation to 20% or 25%.
  - Eliminate or increase the 5% cap on training overtime expenditures.
    - Overtime expenses account for a substantial amount of the costs for conducting training exercises. Existing grant requirements only permit 5% be available for these costs.
  - Maintain current law which does not require Local Matching funds to receive federal grant dollars
    - Previously introduced legislation, but not adopted, would have required grant recipients to provide local matching funds.

- Lower the minimum amount to each State from the SHSGP from 0.75% of the total appropriation to 0.50%.
  - The lower minimum amount would provide more funding for the “per capita” portion of the SHSGP.
- Support H.R. 3266 (Cox), which requires the Department of Homeland Security to develop a comprehensive assessment of threats and provide funding accordingly.
  - State and local regions apply for funding based on the extent of state, regional and local preparedness needs.  
Funding allocated on combination of DHS threat assessment and local



## 2004 Legislative Priorities

Vehicles: School Zone Fines  
Lead: Councilmember Jim Madaffer  
Governmental Relations Department

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### **Background:**

- What governmental functions are at issue?
  - The City's Back-To-School traffic safety campaign is designed to help students stay safe as the new school year begins.
  - A tool to help the safety of school children is the doubling of fines for speeding and other related violations in school zones.
- Why is legislation required?
  - In September 2002, the State of California adopted a pilot program in Alameda, Santa Barbara and Ventura counties to permit the doubling or increasing of fines occurring in a specially posted school zone. In order for the provisions of this law to go into effect, a vote of the city council, or the county board of supervisors, as appropriate is required.
  - For San Diego to adopt more stringent penalties for violations within a school zone, it must be included in the pilot program thereby requiring new legislation.
- How would the proposal permit the City to perform more effectively?
  - By permitting the City to enhance vehicle violations within school zones, an added deterrent to unsafe driving will be created.

### **Proposal**

- Specify what sections of state law require amendment
  - Section 45452 of the Education Code
  - Section 42011 of the Vehicle Code
- Provide specific amendment language you seek
  - Amend Section 45452 of the Education Code as follows: "(a) The County of Alameda, *the County of San Diego*, the County of Santa Barbara, the County of Ventura, or any city within any of these counties, ..."
  - Amend Vehicle code Section 42011 (c) (1) "This section applies only in Alameda County, *San Diego County*, Santa Barbara County, Ventura County, or in a city in any of these counties, ..."



## 2004 Legislative Priorities

Renewal Community Continuous Border  
Lead Department: Community and Economic Development

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### **Background:**

- What governmental functions are at issue?
  - The City of San Diego has received federal Renewal Community (RC) designation. This program provides federal income tax incentives for investment in older neighborhoods with small business properties, making the business community a key partner in inner city revitalization. The designation is expected to have a powerful impact in stimulating new investment and job creation in areas that have historically experienced disinvestment and blight.
- Why is legislation required?
  - A key neighborhood that was included in the City's application for RC designation was disqualified for a technical reason. The census tracts in this neighborhood were excluded because they are separated from the rest of the RC by a small gap, violating the RC law's requirement of a "continuous boundary."
  - The excluded neighborhood, City Heights, encompasses a third of the application area's population and is an area of poverty, unemployment, distress, and crime.
  - City staff has requested HUD adopt the census tracts as was done under City's former Enterprise Community designation despite a similar boundary requirement in the Enterprise Community law. HUD staff declined that request and has subsequently stopped responding to City correspondence.
- How would the proposal permit the City to perform more effectively?
  - Additional federal tax incentives will be available to six census tracts in the City Heights community of San Diego
  - These census tracts clearly meet the eligibility criteria. The City of San Diego, HUD, and philanthropic organizations have focused over \$200 million in revitalizing City Heights in recent years. Conditions have improved greatly as a result of those investments. But the neighborhood still needs more business involvement.

## Proposal

- Provide specific amendment language you seek

### **Amend Sec. 1400E of the Internal Revenue Code as follows:**

#### **SEC. 1400E. DESIGNATION OF RENEWAL COMMUNITIES.**

##### **(c) Area and Eligibility Requirements-**

(1) IN GENERAL- The Secretary of Housing and Urban Development may designate a nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

(2) AREA REQUIREMENTS- A nominated area meets the requirements of this paragraph if--

(A) the area is within the jurisdiction of one or more local governments,

(B) (B) the boundary of the area is continuous (provided, however, that if the nominated area includes census tracts that were previously designated as an Empowerment Zone or an Enterprise Community, then the continuous boundary requirement shall not apply), and

(C) the area--

(i) has a population of not more than 200,000 and at least--

(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(2)(B)(i)) is located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater, or

(II) 1,000 in any other case, or

(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

(3) ELIGIBILITY REQUIREMENTS- A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify in writing (and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that--

(A) the area is one of pervasive poverty, unemployment, and general distress;

(B) the unemployment rate in the area, as determined by the most recent available data, was at least 1 1/2 times the national unemployment rate for the period to which such data relate;

(C) the poverty rate for each population census tract within the nominated area is at least 20 percent; and

(D) in the case of an urban area, at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

- (4) CONSIDERATION OF HIGH INCIDENCE OF CRIME- The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, the extent to which such areas have a high incidence of crime.
- (5) CONSIDERATION OF COMMUNITIES IDENTIFIED IN GAO STUDY- The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, if the area has census tracts identified in the May 12, 1998, report of the General Accounting Office regarding the identification of economically distressed areas.

### **Strategy**

- List likely supporters
  - City of San Diego
  - City/County of San Francisco
  - City of Philadelphia
- List likely opponents
  -
- List possible Sponsors
  - Senator Diane Feinstein
  - Congresswoman Susan Davis





## 2004 Legislative Priorities

Biosolids Disposal  
Lead Department: MWWD

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### **Background:**

- What governmental functions are at issue?
  - Beneficial use of biosolids and related biosolids disposal issues
- Why is legislation required?

Biosolids are the safe, nutrient-rich natural byproduct of wastewater treatment. They are highly processed and thoroughly analyzed to ensure their safety. In San Diego, we dispose of biosolids in three ways: 1) landfill (non-beneficial use); 2) beneficial use as land application on agricultural fields; and 3) beneficial use as alternative daily cover at the Otay landfill. Biosolids disposal has become an issue in recent years due to conflicting regulations and political pressure. Although beneficial use is the preferred alternative for disposal, political decisions at a local level have disallowed land application in many counties throughout California and Arizona. As this disposal option becomes more limited, landfill disposal becomes the only cost effective alternative. However, AB939 regulations impose a 50% reduction in solid waste landfill volume.

How would the proposal permit the City to perform more effectively?

- In the event that land application sites become unavailable due to local restrictions, we will need alternative disposal options. Without the beneficial use of biosolids, the City will be forced to use the landfill as the only available disposal site and will not meet the 50% reduction in solid waste as required. If biosolids are excluded from the landfill reduction requirements, we will still have a viable disposal option without going into non-compliance with solid waste requirements.

### **Proposal**

Exclude biosolids from the AB939 requirements to reduce landfill volumes by 50%.

- Seek a legislative change in the AB939 requirements, excluding biosolids from the landfill reduction requirements in the event that beneficial use disposal alternatives become impossible due to local restrictions.

### **Strategy**

- List likely supporters: California Metropolitan Sanitation Agencies.



## 2004 Legislative Priorities

Density Bonuses  
Lead Department: Planning

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### **Background:**

- What governmental functions are at issue? Granting of density bonuses and second incentives for applicable categories of affordable housing.
- How are these functions performed? City (Housing Commission) enters into agreements with developers that allow higher density than is permitted by applicable zoning and plan designation and/or other deviations from usual zoning and planning rules in exchange for agreement that a certain number of units will be affordable to residents at a certain income level for a set time period.
- Why is legislation required? Recently adopted state law is poorly written and confusing—it is unclear what limitations the City can legally place on overly aggressive requests for density increases or “second incentives” (usually deviations from zoning standards such as parking, height, setback or FAR.)
- How would the proposal permit the City to perform more effectively? The City could more effectively prepare local regulations that will conform to the recently adopted State density bonus law, if the ambiguities listed above

### **Proposal**

- Specify what sections of state law require amendment—Govt. code section 65915
- Provide specific amendment language you seek -- Clearer direction on what limits a city can establish to restrict the amount of density increase and other deviations from zoning standards that must be approved.
- 65915 (d) Add after the first sentence: " The additional concession or incentive proposed by an applicant may include an additional density bonus not to exceed 25%."

65915 (d)(2) and (e)--remove sentences in each of these sections that says "If a court finds that the refusal to grant a requested density bonus, incentive or concession is in violation of this section, the court shall award the plaintiff reasonable attorney's fees and costs of suit".

65915 (g)(2) change to read:" A density bonus means a density increase of at least 25%, but no greater than 50%, unless a lesser percentage is elected by the applicant"..

65915 (i) This section should be clarified to state under what circumstances the City may require a plan amendment.

**Strategy**

- List likely supporters—possible supporters are other jurisdictions, League of California Cities, housing advocates, and even developers? (developers usually seek clarity in rules so they can plan accordingly.)
- List likely opponents --?
- List possible Sponsors--?



## Water Desalination

Lead Department: Water  
Contact: Bob McCullough 619-533-4222

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### **Background**

The San Diego Water Department services 1.2 million customers, including the largest concentration of military bases in the United States. It is one of the ten largest water suppliers in the nation – providing 206 MGD per day. By the year 2030, the City's population and economic growth is projected to increase water demands by about 55 million gallons a day (MGD) or 25 percent over 2002 levels.

The City presently imports approximately 90% of its water supply from northern California and the Colorado River. Local reservoirs owned and operated by the City supply about 10 to 15 percent of need. The City's Long-Range Water Resources Plan, adopted by the San Diego City Council on December 9, 2002, calls for a flexible strategy for the next 30 years, implemented in three 10-year phases. The principal strategies are:

- Conservation
- Recycled water
- Groundwater storage and treatment
- Water transfers
- Desalination

Water desalination provides one potential new source of water supply. This strategy can be applied both to sea water and to brackish groundwater. Desalination of brackish groundwater offers the City of San Diego greater viability than sea water desalination. Environmentally sound disposal of brine from the desalination process is a critical component. Water desalination is an energy-intensive process. Therefore, maintaining reasonably priced energy costs are essential to the viability of this technology.

### **State Strategies**

- Support the San Diego County Water Authority (CWA) in its efforts to promote ocean desalination as a viable and affordable technology in San Diego County. The CWA has identified Encina and San Onofre as preferred sites for sea water desalination projects.

- Ensure that legislation related to desalination programs is supportive of both seawater and brackish water programs.
- Support legislation promoting a reliable supply of reasonably priced energy.

### **Federal Strategies**

- Seek \$1million from the U.S. Bureau of Reclamation Title 16 program for identified brackish groundwater projects in the City of San Diego.
- Support/initiate legislation providing local agencies with funding for analyzing potential desalination programs, emphasizing the concept of using wells to extract seawater thereby minimizing environmental impacts.
- Support/initiate legislation providing local agencies with funding for analyzing brackish groundwater desalination. A plan including brackish groundwater desalination has been formulated for the San Pasqual groundwater basin.
- Support measures such as the Energy Bill that maintain affordable prices for reliable supplies of energy.

### **Supporters and Possible Supporters:**

- Association of California Water Agencies (ACWA)
- MWD and CWA
- National Desalination Group (CWA & MWD are members)
- Sweetwater Authority
- ACWA
- National Desalination Group



## Groundwater Development

Lead Department: Water

Contact: Bob McCullough 619-533-4222

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### **Background:**

The San Diego Water Department services 1.2 million customers, including the largest concentration of military bases in the United States. It is one of the ten largest water suppliers in the nation – providing 206 MGD per day. By the year 2030, the City's population and economic growth is projected to increase water demands by about 55 million gallons a day (MGD) or 25 percent over 2002 levels.

The City presently imports approximately 90% of its water supply from northern California and the Colorado River. Local reservoirs owned and operated by the City supply about 10 to 15 percent of need. The City's Long-Range Water Resources Plan, adopted by the San Diego City Council on December 9, 2002, calls for a flexible strategy for the next 30 years, implemented in three 10-year phases. The principal strategies are:

- Conservation
- Recycled water
- Groundwater storage and treatment
- Water transfers
- Desalination

The plan more specifically calls for 10,000 acre-feet per year of desalinated brackish groundwater and 20,000 acre-feet of groundwater storage by the year 2010. Groundwater resources in the San Diego area are untapped and underutilized – with research required to determine:

- Defines and quantifies resources and identifies steps for analysis and potential development.
- The appropriate techniques and methodologies for recharging groundwater basins with recycled water for storage and recovery, for assuring protection of water quality, and for assuring effective public outreach and education.
- Appropriate sampling programs to establish baselines and monitor the impacts of wildfires on groundwater and surface water supplies, on surface and shallow groundwater systems to determine the potential for storage and recovery, and on deep aquifer systems.

### **State Strategies**

- Identify opportunities for appointment of individuals knowledgeable of San Diego water issues to the State Water Resources Control Board
- Seek funding from Proposition 50 grants administered by the State Water Resources Control Board

### **Federal Strategies**

- Support S1413 (Boxer), which provides a groundwater supply study relating to the San Diego Formation Assessment, at a total study cost of \$4,000,000
- Seek four year, \$500,000 per year grant from U.S. Geological Survey groundwater programs to identify potable and other water supply opportunities for the City of San Diego through scientific effort that strategically defines resources and proper steps for analysis and potential development. Emphasis should be on sampling to establish baselines and monitor the impacts of the wildfires on groundwater and surface water supplies, on surface and shallow groundwater systems to determine the potential for storage and recovery, and on deep groundwater systems such as the San Diego Formation
- Seek \$1.0 million for continuation of the U.S. Bureau of Reclamation San Diego River Restoration Project which includes habitat restoration with potential water needs
- Seek additional \$1.0 million for FY2006 which would include potential groundwater analyses.
- Seek \$3.5 million for the City of San Diego for pilot programs to advance the appropriate techniques and methodologies for recharging groundwater basins with recycled water for storage and recovery during peak demand periods.

### **Supporters and Possible Supporters:**

WaterReuse Association  
AWWA  
Association of California Water Agencies (ACWA)  
MWD and CWA  
Sweetwater Authority  
San Diego River Park Foundation



## Water Transfers

Lead Department: Water  
Contact: Bob McCullough 619-533-4222

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### **Background**

The San Diego Water Department services 1.2 million customers, including the largest concentration of military bases in the United States. It is one of the ten largest water suppliers in the nation – providing 206 MGD per day. By the year 2030, the City's population and economic growth is projected to increase water demands by about 55 million gallons a day (MGD) or 25 percent over 2002 levels.

The City presently imports approximately 90% of its water supply from northern California and the Colorado River. Local reservoirs owned and operated by the City supply about 10 to 15 percent of need. The City's Long-Range Water Resources Plan, adopted by the San Diego City Council on December 9, 2002, calls for a flexible strategy for the next 30 years, implemented in three 10-year phases. The principal strategies are:

- Conservation
- Recycled water
- Groundwater storage and treatment
- Water transfers
- Desalination

Water Transfers are a relatively new tool employed in California for meeting local water supply goals. Transfers are heralded by many as one of the major water supply solutions of the future. However, many institutional barriers continue to prohibit easy transfers from Northern to Southern California. Energy costs for transferring water is a critical long-term issue for maintaining the viability of water transfers as energy-demanding pumping is an integral component of the process.



The year 2010 goal for water transfers is 5,000 acre-feet annually. State legislation is needed to assure that entities, such as the City of San Diego, have the opportunity to arrange for water transfers that are:

- Able to move efficiently through the transportation system with adequate storage systems.
- Supported by state-sponsored technical assistance for buyers and sellers.
- Supported by a reliable supply of reasonably priced energy.

### **State Strategies**

- Sponsor legislation that provides the mechanism for effective partnering of areas that experience water surplus with urban areas such as San Diego to effect water transfers that improve the efficiency of water storage and use in California, such as:
  - Guidelines for assuring maximum public acceptance of transfers as a win-win opportunity.
  - State assistance in mitigating environmental impacts.
  - State incentives for entities that improve water efficiency through transfer and storage programs.
- Sponsor legislation to assure proper and balanced wheeling costs for the use of water transportation facilities to improve the efficiency of water storage and use.

### **Federal Strategies**

- Support measures such as the Energy Bill that maintain affordable prices for reliable supplies of energy.

### **Overall Strategy**

- No legislation will be sought in calendar year 2004
- City of San Diego will continue to identify spot opportunities for water transfer agreements
- City of San Diego will, through statewide water organizations, explore possible partnerships for future legislative proposals

### **Supporters & Possible partners**

- Association of California Water Agencies (ACWA)
- MWD and CWA



## Recycled Water

Lead Department: Water  
Contact: Bob McCullough 619-533-4222

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### **Background**

The San Diego Water Department services 1.2 million customers, including the largest concentration of military bases in the United States. It is one of the ten largest water suppliers in the nation – providing 206 MGD per day. By the year 2030, the City's population and economic growth is projected to increase water demands by about 55 million gallons a day (MGD) or 25 percent over 2002 levels.

The City presently imports approximately 90% of its water supply from northern California and the Colorado River. Local reservoirs owned and operated by the City supply about 10 to 15 percent of need. The City's Long-Range Water Resources Plan, adopted by the San Diego City Council on December 9, 2002, calls for a flexible strategy for the next 30 years, implemented in three 10-year phases. The principal strategies are:

- Conservation
- Recycled water
- Groundwater storage and treatment
- Water transfers
- Desalination

As a coastal city, the City of San Diego is very interested in the potential new water supply opportunity that desalination technology offers. While the technology has existed for a while, only recent advances have introduced affordable pricing. While ocean desalination remains a viable opportunity for the San Diego region, the City of San Diego believes that brackish water desalination represents the best alternative locally.

The City of San Diego goal for recycled water is to increase use from 4,455 acre-feet per year in 2002 to 15,000 acre-feet per year in the year 2010. Funding for recycled water facilities is limited and Federal assistance is critical for:

- Identifying cost effective ways to reduce salinity in wastewater
- Improving public acceptance and understanding of the value and importance of maximizing the use of recycled water

- Securing funding for recycled water distribution systems (pipelines) in addition to funding available for building new recycling plants.

### **State Strategies**

- Identify and seek Proposition 50 funding opportunities from the State Water Quality Control Board for calendar year 2004.
- Request \$5 million of Chapter 8 funds from Proposition 50 to be used as a special Revolving Loan program to provide commercial and large landscape customers (at least 20 AF/year usage) with financial assistance to retrofit their pipelines to accommodate the distribution of recycled water.

### **Federal Strategies**

- Seek 25% Federal cost sharing from the US Bureau of Reclamation, DOI, Title 16 Program:
  - \$1.7 million-FY05
  - \$2.4 million-FY06
  - \$5.9 million-FY07
  - \$1.8 million-FY08
- Initiate/support studies to address wastewater salinity issue. San Diego County Water Authority has an element of their Phase II Recycled Water Master Planning effort that outlines a study of this issue.
- Initiate/support studies to improve public acceptance and understanding of the value and importance of maximizing the use of recycled water. The 2003 Customer Development Plan includes a strategy for customer outreach and public education. The City is initiating a 2005 Recycled Water Master Planning effort that will include public outreach and education.



## Water Security

Lead Department: Water Department  
Contact: Mark Stone 619-527-7431

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### **Background:**

The San Diego Water Department services 1.2 million customers, including the largest concentration of military bases in the United States. It is one of the ten largest water suppliers in the nation – providing 206 MGD per day. By the year 2030, the City's population and economic growth is projected to increase water demands by about 55 million gallons a day (MGD) or 25 percent over 2002 levels.

The City presently imports approximately 90% of its water supply from northern California and the Colorado River. Local reservoirs owned and operated by the City supply about 10 to 15 percent of need. The water distribution system includes:

- 3,460 miles of pipeline
- 267,000 metered service connections
- Nine reservoirs with a total capacity of 415,936 acre feet
- Three water treatment plants with a total capacity of nearly 300 MGD

A 2002 confidential threat assessment study resulted in a security plan requiring \$16 million in capital expenditures over three years, and \$1 million in annual operating expenses. This proposal would improve:

- **Detection:** Monitor substance introductions and video-monitor facilities
- **Delay:** Install physical barriers to prevent unauthorized access
- **Response:** Establish liaisons with enforcement authorities and develop department emergency response plans
- **Documentation:** Document the events as they occur and analyze for improvements to prevent reoccurrence

### **State Strategies**

- Pursue Proposition 50 funds: \$50 million are earmarked for utility system security, for award by the Water Quality Control Board.
  - City will comment on Department of Water Resources grant criteria
  - January/February workshops
  - June: Application deadline
  - Summer, 2004: Grant Awards

### **Federal Strategies**

- Seek funding through grant opportunities within the Department of Homeland Security or other appropriate grant programs.



## Watershed Protection

Water Department  
Contact: Bob Collins 619-527-3935

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### **Background**

The San Diego Water Department services 1.2 million customers, including the largest concentration of military bases in the United States. It is one of the ten largest water suppliers in the nation – providing 206 MGD per day. By the year 2030, the City's population and economic growth is projected to increase water demands by about 55 million gallons a day (MGD) or 25 percent over 2002 levels.

The City presently imports approximately 90% of its water supply from northern California and the Colorado River. Local reservoirs owned and operated by the City supply about 10 to 15 percent of need. The City has 9 reservoirs which have a storage capacity of 415,000 acre-feet of water. The reservoirs are located in five (5) watersheds throughout the County. The watersheds encompass an area of roughly 900 square miles, only about five (5%) percent of which are owned by the city. Ownership of lands adjacent to watersheds has proven to be a cost effective means of protecting water quality. The following projects are cost effective steps that, with additional funding, could be implemented:

***General Watershed Protection:*** There are a number of governmental organizations (GO's) and non-governmental organizations (NGO's) that are acquiring property in the watersheds where the City's reservoirs are located for conservation purposes using grants which require matching funds. The Water Department would like to participate in these acquisitions but lacks the funding. The Water Department seeks a sum of \$5,000,000 to use for acquiring watershed property located near City reservoirs for conservation purposes. These funds can be leveraged by receiving matching funds from GO's and NGO's.

***Miramar Reservoir:*** The perimeter road around the reservoir is in need of replacement. Additionally, urban run-off from a subdivision on the southeast side of the lake requires attention. Replacing the road and diverting the urban runoff from the subdivision above the lake to the storm drain system could address both problems. The project is estimated to cost approximately \$2,000,000.

***Otay Reservoir (Upper and Lower):*** Located in a rapidly developing area, the Otay facility is largely unprotected and can be accessed from all sides. The project proposal calls for a

perimeter fence that limits access. Signage would also be installed that emphasizes the need for water quality protection. Project cost is approximately \$900,000.

**State Strategies**

- Identify and pursue Proposition 13 and 50 funding from water quality improvement programs administered by the State Water Quality Control Board and Wildlife Conservation Board.
- Identify and pursue security funding from Proposition 50 and Homeland Security funds.



## Water Conservation

Lead Department: Water  
Contact: Luis Generoso 619-533-5258

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### **Background**

The San Diego Water Department services 1.2 million customers, including the largest concentration of military bases in the United States. It is one of the ten largest water suppliers in the nation – providing 206 MGD per day. By the year 2030, the City's population and economic growth is projected to increase water demands by about 55 million gallons a day (MGD) or 25 percent over 2002 levels.

The City presently imports approximately 90% of its water supply from northern California and the Colorado River. Local reservoirs owned and operated by the City supply about 10 to 15 percent of need. The City's Long-Range Water Resources Plan, adopted by the San Diego City Council on December 9, 2002, calls for a flexible strategy for the next 30 years, implemented in three 10-year phases. The principal strategies are:

- Conservation
- Recycled water
- Groundwater storage and treatment, and
- Water transfers

The City's water conservation program was established in 1985, and now accounts for 21,000 acre-feet of potable water savings per year. The program is on target to meet a goal of 26,000 acre-feet of savings annually by 2006. The program has several elements which include:

- Incentives for installation of water efficient hardware
- Public education regarding landscape and business efficiency strategies



### **State Strategies**

- Seek Prop 50 conservation funding for water conservation and water use efficiency programs.
- Support possible San Diego County Water Authority legislation prohibiting restrictions on water efficient landscapes by Home Owners' Associations.
- Support aggressive statewide water efficiency standards (e.g. more efficient water factors for clothes washers, plumbing fixtures, etc.)

### **Federal Strategies**

- Seek new federal programs that support water efficient investments
- Seek more aggressive federal water efficiency standards (e.g. clothes washer water factors and other similar appliance water use factors)



## Proposition 50

Lead Department: Water

Contact: Eileen Bangalen 619-533-5466

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### **Background**

Proposition 50, adopted by voters in November, 2002 provides \$3.4 billion for water projects:

Project Specific Earmarks	\$1.5 billion
Grant Programs	\$1.9 billion

The region's fair share of such programs would be \$170 million – the City's share being \$73 million. The City of San Diego and the County Water Authority partnered and developed a list of regional projects eligible for Prop 50 funding. Of that list, approximately \$306 million in projects qualify to compete for current and future funding. The San Diego Water Department is prepared to proceed with these qualifying projects.

The bond funds are allocated annually in the state budget. In FY 04, more than \$1.1 billion was authorized for resources and environmental purposes. Legislation accompanying the state budget also:

- Established a public review process for the bond funds
- Will develop project solicitation and evaluation guidelines and publish guidelines before public meeting
- Will provide outreach to disadvantaged communities to participate in public meetings
- May also require matching funds from applicants

Current personnel reductions at state agencies may impede the ability for various departments to receive appropriated funds in a timely manner. Additionally, the financial impairments experienced by the State of California may limit bond sales necessary for the \$1.1 billion funding allocation. Finally, the lack of Prop 50 funds may jeopardize eligible projects already in process and the ability to receive reimbursement for costs previously incurred for those projects.

### **Strategies**

- Seek and/or amend existing legislation or administrative process that would allow for the reimbursement of previously incurred project costs
- Assist the California Municipal Utilities Association with lending personnel resources to expedite the administration and processing of grant awards



## Water Fluoridation

Lead Department: Water  
Contact: Mark Stone 619-527-7431

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### **Background**

The San Diego Water Department services 1.2 million customers, including the largest concentration of military bases in the United States. It is one of the ten largest water suppliers in the nation – providing 206 MGD per day. By the year 2030, the City's population and economic growth is projected to increase water demands by about 55 million gallons a day (MGD) or 25 percent over 2002 levels.

The City of San Diego's Municipal Code 67.00 prohibits the expenditures of City funds on fluoridation of water. However, Title 22 of the California Code of Regulations requires that water agencies provide a fluoridation system *if* the Department of Health Services (DHS) identifies a source sufficient funds to cover capital and associated costs to install such a system. In 2000, the DHS did identify the California Dental Association (CDA) as the funding source able to provide approximately \$4 million for this program. The Water Department planned to incorporate the fluoridation system into its existing Capital Improvement Program (CIP). Unfortunately, the CDA rescinded that offer recently and the City is back to having no fluoridation program.

The City of San Diego's Municipal Code prohibits any penalty by the Department of Health Services regulations in this matter. In recognition of the public popularity of fluoridation programs and the dental health benefits inherent to the program, the City of San Diego remains committed to securing outside funding to make this program a reality.

### **Strategy**

- Water Department to contact Department of Health Services to determine status of funding source for this program.
- Water Department to consider issuing a letter to the Department of Health Services updating our fluoridation plan.



## Perchlorate Regulations

Lead Department: Water

Contact: Mark Stone 619-527-7431

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### **Background**

The San Diego Water Department services 1.2 million customers, including the largest concentration of military bases in the United States. It is one of the ten largest water suppliers in the nation – providing 206 MGD per day. By the year 2030, the City's population and economic growth is projected to increase water demands by about 55 million gallons a day (MGD) or 25 percent over 2002 levels.

The Department of Health Services has issued regulations establishing a maximum level for the presence of the chemical perchlorate in drinking water. Those regulations have been challenged for having inadequate scientific foundation. The health impacts of the chemical are now under study by both the University of California and the National Academy of Sciences.

The City supports the implementation of scientifically based, achievable standards for the chemical, and will provide input on the development of a regulation.

### **Strategies**

- Water Department to monitor development of standards.
- Consultants to coordinate education program for regulators at appropriate time.
- Support an EPA approved perchlorate testing method that is able to detect perchlorate at the lower levels being suggested by the proposed regulation.



## Base Realignment & Closure (BRAC)

Lead Departments: Government Relations and  
Community & Economic Development Department  
Contact: Andrew Poat 619.533.3978

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### **Background**

San Diego is proud to host the largest single concentration of military facilities in the world; home to 12 major facilities. The San Diego Chamber of Commerce estimates the local economic impact at \$13.6 billion (2002).

The Pentagon is currently engaged in a fifth round of military base closures that will, in 2005, culminate in closing of up to 25% of all existing facilities. The proceedings consist of simultaneous development of two studies:

- 20 year estimate of likely military actions and force projection needs by each branch of the military
- Inventory of all existing military facilities, and an analysis of how these facilities match the 20 year force projection needs.

This fifth round of BRAC differs from previous rounds in three significant ways:

1. The criteria for base closings shall be national security alone – where previous rounds also considered local economic impact of military facilities
2. Support facilities (such as labs and depots) will be considered for closure or consolidation, in addition to full military bases
3. Consolidation of similar operations currently managed independently by different military branches will be proposed by the Pentagon

By unanimous vote earlier in 2003, the City Council:

1. Adopted a consultant report that evaluated the role that military facilities in the San Diego region play in the defense of our nation, and the potential for “realignment” of the work to, or from, the San Diego facility
2. Directed The Government Relations and Economic & Community Development Departments to work with the San Diego Regional Economic Development Corporation to establish a Task Force to advocate on behalf of regional military facilities
3. Authorized the same Departments to fund consultant support for the advocacy initiative

The following key developments are anticipated later this year, and in 2004:

- The Secretary of Defense will issue criteria, in draft form, by which closures and realignments will be conducted, in December of 2003, with 30 days for public comment to follow. Final criteria will be issued in February of 2004
- The Secretary of Defense must submit both the 20-year force structure plan, and the inventory of infrastructure to Congress in February, 2004
- The Pentagon will develop closure and realignment recommendations from March, 2004 to May, 2005

It should be noted that seven of the 21 remaining scenarios being considered by the San Diego Regional Airport Authority rest upon existing military sites. These include:

**MCAS Miramar:** as a full replacement airport facility + SDIA is closed

**East Miramar:** as a full replacement airport facility + SDIA is closed

**NAS North Island:** as a full replacement airport facility + SDIA is closed

**Intertie between SDIA + NAS North Island:** SDIA is converted to a check-in, landside facility + intertie to NAS North Island for airfield/airside operations via a passenger/luggage conveyance system

**MCB/MCAS Camp Pendleton:** Two scenarios: 1) as a full replacement airport facility + SDIA is closed; and 2) as a full service airport + SDIA remains open and serves destinations within 500 miles

**March AFB in Riverside County:** as a full service airport that would serve North San Diego County + SDIA remains open and serves destinations within 500 miles

**Salt Marsh Naval Communications Station Area:** Full replacement airport facility + SDIA is closed

### **State Issues**

None

### **Federal Issues**

- The Task Force established by the Council will complete an evaluation of facility threats and opportunities, as well as advocacy recommendations by February, 2004
- The Government Relations and Community & Economic Development Departments will continue to fund Task force and consultant activities
- The Government Relations Department will complete a coordinated communications strategy between the City of San Diego, the San Diego Regional Airport Authority and the Federal Government on the issue of future airport operations on military facilities, and will report such strategy to Council.



## 2004 Legislative Priorities

Residential Care Facilities  
Lead Department: Developmental Services

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### **Background:**

Existing federal law, the Fair Housing Act (FHA), prohibits the discrimination against handicapped persons with respect to housing opportunities. It is unlawful "to discriminate in the sale or rental, or to otherwise make unavailable or deny a dwelling to any buyer or renter because of a handicap." Additionally, "a refusal to make reasonable accommodations in rules, policies, practices, or services, when such accommodations may be necessary to afford such person equal opportunity to use and enjoy a dwelling."

The California Fair Employment and Housing Act (FEHA) is expressly applicable to local governments application of zoning and other land use regulations. Additionally, the Act directs courts to construe the FEHA liberally, so as to afford protection at least as equivalent to the Federal FHA. State law states that a violation of the FHA is also a violation of state law.

In 1995 and 1996, the City authored federal legislation sponsored by Congressman Bilbray to amend the Fair Housing Act to state that nothing in the Act shall be construed to invalidate or limit any reasonable State or local law or regulation governing residential care facilities for disabled persons. However, during the legislative debate, multiple legal decisions were presented proving that attempts to restrict residential care facilities are considered "discrimination" and are unenforceable. In light of this information, bills pending before Congress were not adopted and new legislation has not been introduced since.

- What governmental functions are at issue?
  - Local control of siting residential care facilities
- Why is legislation required?
  - Neither current federal or state law permits the City to have a voice in the siting of residential care facilities.

## **Proposal**

- Specify what sections of law require amendment
  - Federal
    - Amend the Fair Housing Act to permit a restriction relating to the maximum number of unrelated persons in a dwelling if such restriction's purpose is to limit land use to single family dwellings.
  - State
    - Requiring notification from the State to the City when a new facility, located within the City's jurisdiction, has submitted an application for a State license.

## **Recommendation**

Due to court interpretation of the FHA definition of “discrimination”, the City's desired amendments, if adopted, would likely be ruled unenforceable. Amendments would be needed to change the definition of “discrimination” and to date, there has been no Congressional will to address that definition.

Therefore, it is recommended that the City NOT pursue federal legislation.